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fully capable of meeting all of the requirements of domestic consumption with the possible exception of minor items of a special nature. The plant's present capacity is 500,000 meters of cloth and 50,000 kilos of yarn. Recent improvements and expansion have brought the woolen textile industry abreast of the needs of the country.

***Leather***

Until recent years, there was little modern tanning of hides, most of the hides being exported. Since the war, however, several tanneries have been constructed and are now producing leather of fair quality sufficient for most of Iraq's needs, with the exception of those grades required to make the higher quality shoes.

Tanneries are not showing the profits which were originally anticipated, largely because they have to use hides of very poor quality. In many cases, the hides have been cut during flaying, while in other cases they have not been well preserved. The tanneries also have not attempted to make use of waste products and in some cases do not split the hides, a practice which is essential to low cost production. However, once these various technical problems have been solved, the tanneries should be able to meet all of Iraq's needs.

***Shoes***

Nearly 90 percent of Iraq's shoes are made by hand in numerous small home industries. There is one fairly modern factory, however, which, using both local and imported leather, now makes over 30,000 pairs of high grade shoes per year. The company has also set up retail outlets in all of the provinces. An increase in the capacity of this plant would do much to reduce shoe prices to the ultimate consumer. Annual production could be raised to 100,000 pairs by the procurement of additional equipment costing approximately ID 50,000, of which ID 45,000 would be in foreign exchange, mostly in Swiss francs. These facilities could be put into operation within two years and would increase employment from approximately 40 to 120 workers.

***Vegetable Oil and Soap***

A vegetable oil extraction plant has been in successful operation for approximately three years. It is designed to extract oil